




The following is a reminder of the annual financial report (AFR) reporting guidance for open-enrollment charter schools. An email notification was sent out last year on September 17, 2020, notifying open-enrollment charter schools of the requirement. Please share with appropriate personnel, including chief financial officers, business managers, finance staff, and your external CPA firm.

Beginning with the fiscal year 2021 AFR submission, charter schools are required to report the information detailed below consistently in their AFR in PDF format and in the data feed submitted through the Audit application in Texas Education Agency Login (TEAL). The attached Excel workbook displays a layout of the new reporting requirements, which are also included in the financial data feed templates in the Audit application in TEAL.

Senate Bill 1454, 86th Texas Legislature, 2019, addresses changes made to reporting requirements for open-enrollment charter schools' financial statement notes and schedules. The reporting requirements of Senate Bill 1454 are effective for the fiscal years beginning after June 30, 2019. The Texas Education Agency (TEA) delayed the verification of these reporting requirements until the fiscal year 2021 AFR review cycle.

Open-enrollment charter schools should include a schedule of real property ownership interest in the AFR. This schedule provides an accounting of each parcel of the school's real property, including identifying the amount of local, state, and federal funds used to purchase or improve each parcel of property, as described by the Texas Education Code (TEC), §44.008(f).

In addition, the TEC, §44.008(g) states that an open-enrollment charter school for which the charter has expired, been revoked, or been surrendered, or an open-enrollment charter school that otherwise ceases to operate should submit a final AFR to the agency. The report should verify that all state property held by the charter holder has been returned or disposed of in accordance with the TEC, §12.128.

The TEC, §12.1166, expands the definition, stating that a related party includes: (1) a current or former board member, administrator, or officer who is a board member, administrator, or officer of an open-enrollment